



**STATE OF WISCONSIN**  
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***CORRESPONDENCE MEMORANDUM***

**DATE:** April 21, 2004  
**TO:** Wisconsin Deferred Compensation Board  
**FROM:** Shelly Schueller, Director  
Wisconsin Deferred Compensation Program  
**SUBJECT:** Plan and Trust Document Amendment: Uniform Prudent Investor Act

The Uniform Prudent Investor Act, recently signed by Governor Doyle as 2003 Wisconsin Act 264, regulates investments of personal representatives, trustees, conservators and guardians of the estate. It requires the Wisconsin Deferred Compensation (WDC) Board to amend the State of Wisconsin Public Employees Deferred Compensation Plan and Trust to substitute the prudent investor standard for the prudent person standard currently found in Section 9.04(b) of the Plan and Trust document.

Other than codifying and mandating compliance with basic principles of trust funds that the WDC Board already respects, Act 264 will have little, if any, substantive effect on the WDC Program. Under existing law, the WDC Program is already able "... to acquire and retain every kind of property, real, personal or mixed, and every kind of investment ...," subject only to the prudent person rule of investment.

Key Features of Act 264

Act 264 is anticipated to:

- Provide the WDC Board with more flexibility in adopting or changing investment options than is currently provided in Section 881.01 by requiring the WDC to manage and diversify assets as a prudent investor would instead of managing the assets as a prudent person would.
- Clarify in detail several circumstances that fiduciaries, such as members of the WDC Board, must consider when investing and managing assets.

Plan and Trust Document Change

The WDC Board must approve any revisions to the State of Wisconsin Public Employees Deferred Compensation Plan and Trust. The recommended change to ensure conformity with the Wisconsin Uniform Prudent Investor Act is underlined in the attached page of the Plan and Trust document. It changes the word "person" to "investor" in Article 9.04.b.

Recommendation

Staff recommends approval of the revision to the Deferred Compensation Plan and Trust to keep the WDC Program in compliance with state law as amended by the Uniform Prudent Investor Act.

Attachment

Reviewed and approved by Pam Henning, Office of Strategic Services

Signature \_\_\_\_\_

Date \_\_\_\_\_